

COUNTY OF SACRAMENTO
CALIFORNIA

For the Agenda of:
September 7, 2022
9:30 A.M.

To: Board of Supervisors

Through: Ann Edwards, County Executive

From: Amanda Thomas, Chief Fiscal Officer
Office of Budget & Debt Management

Subject: Public Hearing On, And Consideration Of Possible Revisions
To, The Fiscal Year 2022-23 Approved Recommended
Budget

District(s): All

RECOMMENDED ACTION

1. Approve the Fiscal Year (FY) 2022-23 Revised Recommended Budget.
2. Direct the Department of Personnel Services to prepare an administrative Salary Resolution Amendment (SRA) to reflect the positions approved in the FY 2022-23 Adopted Budget, including any deletion of positions.
3. Direct the Department of Finance to prepare the FY 2022-23 Budget Resolutions for Board of Supervisors (Board) consideration on September 27, 2022.
4. Approve the project changes and new projects for inclusion in the County's Capital Improvement Plan (CIP) as shown on Attachment 1.
5. Approve the reporting of \$38,699,633 in American Rescue Plan Act (ARPA) Revenue Replacement as being expended for the provision of government services in the form of General Fund personnel costs to provide General Fund funding for an equal amount of project expenditures for previously approved ARPA Revenue Replacement projects.
6. Approve the Community Engagement Plan for the FY 2023-24 budget process.

BACKGROUND

The County Budget Act requires that boards of supervisors in every county approve a Recommended Budget by June 30th for the fiscal year that begins on the upcoming July 1st. This Approved Recommended Budget provides appropriation (expenditure) authority from July 1 until the budget is adopted, which must occur no later than October 2nd. Prior to October 2nd, the Budget Act requires that boards of supervisors hold a public hearing on

the Approved Budget, including any recommended revisions, make any changes desired and, ultimately, approve resolutions adopting the budget.

In Sacramento County, the annual budget process begins in October and involves departments preparing their requested budgets, which are reviewed and analyzed by staff in the Office of the County Executive (OCE). OCE staff also prepare estimates of the amount of discretionary and Semi-discretionary (Proposition 172 and Realignment) revenue the County will receive. After review, the County Executive provides a Recommended Budget to the Board for consideration, and the Board hears public comment, makes any desired revisions and approves the Recommended Budget (the "Approved Budget").

Following closing of the County's books for the prior fiscal year in late July, departments prepare requests for revision to the Approved Budget based on updated fund balance and other information. OCE staff reviews those requests and updates discretionary and Semi-discretionary revenue estimates. After review, the County Executive then recommends revisions to the Approved Budget (the "Revised Recommended Budget").

For FY 2022-23, the Recommended Budget identified certain new or enhanced programs (Growth) funded with General Fund discretionary resources that were not included in the Recommended Budget but were a priority for funding in the Revised Recommended Budget. The resolution approving the Recommended Budget directed the County Executive to prioritize including this Growth in the Revised Recommended Budget, resources permitting, and, if additional discretionary resources remain after funding this Growth, to prioritize increasing General Fund discretionary reserves.

The purpose of this meeting is for the Board to hold a public hearing on, and approve revisions to, the FY 2022-23 Approved Budget. In addition to approving the Revised Recommended Budget, staff is requesting that the Board take a number of related actions. These include:

- Directing the Department of Personnel Services to prepare an administrative SRA to reflect the positions approved in the FY 2022-23 Adopted Budget, including the deletion of positions.
- Directing the Department of Finance to prepare the FY 2022-23 Budget resolutions for Board consideration on Tuesday, September 27, 2022.
- Approving the new or revised projects for inclusion in the County's CIP as shown on Attachment 1. These are projects that are included in the Revised Recommended Budget.

ARPA Revenue Replacement

Additionally, staff recommends the Board approve the reporting of \$38,699,633 in ARPA Revenue Replacement to the United States Department of Treasury (Treasury) as being expended on General Fund personnel costs to provide General Fund funding for an equal amount of project expenditures for the following ARPA Revenue Replacement projects approved by the Board on July 13, 2022 as part of the ARPA Phase Two funding allocations:

Phase Two Revenue Replacement Projects		
Department	Project Name	Amount
Human Assistance	Advance from Phase One	\$ 3,859,993
Transportation	Road Maintenance	\$ 20,000,000
Regional Parks	Road Maintenance	\$ 5,000,000
General Services	Mather Community Campus	\$ 9,839,640
Total Recommended Revenue Replacement Projects		\$ 38,699,633

Due to Treasury’s requirement that Revenue Replacement expenditures follow the same federal funding requirements and expenditure deadline as all other ARPA projects, staff recommends applying the full \$38,699,633 to eligible General Fund personnel costs. Staff will identify eligible personnel costs in General Fund departments including Animal Care and Regulation, Agricultural Commissioner-Sealer of Weights and Measures, Assessor, Human Assistance, and Office of the Public Defender for reporting to Treasury as expenditures for the provision of government services.

Reporting ARPA Revenue Replacement expenditures to Treasury in this way is consistent with the Board’s action on March 22, 2022 for the use of ARPA Revenue Replacement in the Department of Human Assistance for food insecurity programs and provides the most flexible structure to fund the Revenue Replacement projects approved by the Board and included in the FY 2022-23 Revised Recommended Budget. This administrative adjustment would not change overall resources allocated to the affected departments, would provide the greatest flexibility for implementing the previously approved Revenue Replacement projects, and would result in administrative cost savings. Staff would continue to provide progress updates on these projects as part of regular ARPA reporting.

Community Engagement Plan

On June 10, 2021, in connection with approval of the FY 2021-22 Recommended Budget, the Board approved a community engagement plan for preparation of the FY 2022-23 budget, which was implemented by staff

and served as the basis for the budget priorities adopted by the Board on December 8, 2021.

For the FY 2023-24 budget, staff recommends a community engagement plan that builds on the elements implemented for the FY 2022-23 budget and supports further refinement and enhancement in future years. Specifically, the following community engagement and outreach elements are recommended to support development of the FY 2023-24 budget:

- Easy-to-understand information about the County's budget, including a "Budget in Brief" budget summary to be published for the FY 2022-23 Adopted Budget and updates to the "Budget Explorer Tool" that allows users to drill down into the County's budget, will continue to be provided on the County's website.
- Building on the results of the budget priority survey conducted in the fall of 2021, focus groups of County residents conducted by the same firm that conducted the survey (FM3) will provide additional qualitative data to support or refine the budget priorities developed based on the survey results. Information gleaned from these focus groups would also support development of an updated budget priorities survey to be conducted in 2023, in support of the FY 2024-25 budget process.
- County departments will continue to engage with the County's advisory boards and commissions to both share information about the County's budget and also seek input from board and commission members about their priorities for departmental budget requests.
- One or more budget workshops open to the public and with participation from department representatives will be conducted to provide an opportunity for the public to ask questions and provide input on budget priorities.

Based on information gathered as a result of these efforts, staff will recommend to the Board any updates or refinements to the budget priorities in advance of the development of the FY 2023-24 budget.

FINANCIAL ANALYSIS

As proposed, the County's Budget is balanced.

Attachment(s):

ATT 1 - Adjustments to the Capital Improvement Plan (CIP) and List of New Projects by Department